

September 1, 2006

The Honorable Arnold Schwarzenegger  
Governor of the State of California  
State Capitol  
Sacramento, CA 95814

Re: Report for FY 2004-05 and FY 2005-06

Dear Governor Schwarzenegger:

Enclosed please find a financial data report, as required by Government Code Section 12329, for fiscal years 2004-05 and 2005-06. Included in the report is the exact balance in the State's Treasury and a summary of the receipts and payments of the Treasury from July 1, 2004 through June 30, 2006. I also have included information regarding investment earnings and transactions, as well as the State's General Fund supported debt for the same period.

Sincerely,

Philip Angelides  
State Treasurer

Enclosure

**CALIFORNIA STATE TREASURER'S OFFICE**  
**FINANCIAL DATA**  
**FISCAL YEARS 2004-05 AND 2005-06**



**PHILIP ANGELIDES**  
**STATE TREASURER**

## **INTRODUCTION**

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This report is prepared in compliance with Government Code Section 12329, which states, in relevant part, that, “[on] or before the fifteenth day of September in each even-numbered year, the Treasurer shall report to the Governor the exact balance in the treasury...and [provide] a summary of the receipts and payments of the treasury...”

This report satisfies said requirement for fiscal years 2004 – 05 and 2005 – 06.

Copies of the report may be obtained from the State Treasurer’s website at <http://www.treasurer.ca.gov/publications/index.asp>, or by written request to the address below:

State Treasurer’s Office  
915 Capitol Mall, Room 110  
Sacramento, CA 95814

## TREASURY ASSET BALANCE

The asset balance in the State Treasury to the credit of the State totaled \$60.57 billion on June 30, 2005 and \$62.95 billion on June 30, 2006.

| State of California             |                      |                      |
|---------------------------------|----------------------|----------------------|
| Treasury Assets                 |                      |                      |
| (\$ Thousands)                  |                      |                      |
| <u>Cash Group</u>               | <u>June 30, 2005</u> | <u>June 30, 2006</u> |
| Demand Deposits                 | (\$99,095)           | (\$566,580)          |
| Fiscal Agent Deposits           | 125,772              | 106,285              |
| Accounts Receivable/Payable     | 42,672               | 75,363               |
| Pooled Money Investment Account |                      |                      |
| Time Deposits                   | 7,115,995            | 7,853,495            |
| Securities                      | 48,226,361 *         | 49,075,375 *         |
| Loans                           | 5,161,112            | 6,409,082            |
| PMIA Total                      | <u>60,503,468</u>    | <u>63,337,952</u>    |
| <b>TOTAL</b>                    | <b>\$60,572,817</b>  | <b>\$62,953,020</b>  |

\* Premium/discount amortization posted on June 30.

## CASH RECEIPTS AND DISBURSEMENTS

The cash receipts deposited through the centralized State Treasury totaled approximately \$1.078 trillion during the 2004-05 fiscal year and \$1.226 trillion during the 2005-06 fiscal year. Disbursements totaled approximately \$1.082 trillion during the 2004-05 fiscal year and \$1.226 trillion during the 2005-06 fiscal year.

| State of California                               |                        |                        |
|---|------------------------|------------------------|
| 2004-05 Quarterly Cash Receipts and Disbursements |                        |                        |
| (\$ Thousands)                                    |                        |                        |
|   | <u>Receipts</u>        | <u>Disbursements</u>   |
| July 2004 - September 2004                        | \$231,637,393          | \$235,386,247          |
| October 2004 - December 2004                      | 274,406,652            | 274,175,031            |
| January 2005 - March 2005                         | 283,170,382            | 281,583,925            |
| April 2005 - June 2005                            | <u>288,580,832</u>     | <u>290,828,260</u>     |
| <b>TOTAL</b>                                      | <b>\$1,077,795,259</b> | <b>\$1,081,973,463</b> |
| 2005-06 Quarterly Cash Receipts and Disbursements |                        |                        |
| (\$ Thousands)                                    |                        |                        |
|   | <u>Receipts</u>        | <u>Disbursements</u>   |
| July 2005 - September 2005                        | \$284,057,663          | \$283,369,792          |
| October 2005 - December 2005                      | 328,304,399            | 328,435,771            |
| January 2006 - March 2006                         | 319,600,859            | 319,768,599            |
| April 2006 - June 2006                            | <u>294,107,216</u>     | <u>294,560,228</u>     |
| <b>TOTAL</b>                                      | <b>\$1,226,070,137</b> | <b>\$1,226,134,390</b> |

## INVESTMENTS

The investment earnings of the Pooled Money Investment Account (PMIA) for fiscal years 2004-05 and 2005-06 totaled \$3.373 billion.

During the 2004-05 fiscal year, PMIA investment activity involved 6,961 transactions, totaling \$289.8 billion. The table below provides a breakdown of the PMIA portfolio holdings as of June 30, 2005.

| <b>State of California</b><br><b>Pooled Money Investment Account Portfolio</b><br><b>(\$ Thousands)</b> |                                |                                    |
|---|--------------------------------|------------------------------------|
| <b><u>Security Type</u></b>   | <b><u>Principal Amount</u></b> | <b><u>Percent of Portfolio</u></b> |
| Governments   |                                |                                    |
| Bills   | \$2,076,821                    | 3.43%                              |
| Bonds   | -                              | -                                  |
| Notes   | 3,624,779                      | 14.99%                             |
| Strips  | -                              | -                                  |
| Total Governments   | \$5,701,600                    | 18.42%                             |
| Federal Agency Coupons  | \$7,284,165                    | 12.04%                             |
| Certificates of Deposit   | 14,440,129                     | 23.87%                             |
| Bank Notes  | 1,625,246                      | 2.69%                              |
| Bankers Acceptances   | -                              | -                                  |
| Repurchases   | -                              | -                                  |
| Federal Agency Discount Notes   | 7,335,761                      | 12.12%                             |
| Time Deposits   | 7,115,995                      | 11.76%                             |
| GNMA's  | 317                            | -                                  |
| Commercial Paper  | 10,548,799                     | 17.44%                             |
| FHLMC   | 2,058                          | 0.00%                              |
| Corporate Bonds   | 1,288,286                      | 2.13%                              |
| AB 55 Loans   | 5,161,112                      | 8.53%                              |
| General Fund Loans  | -                              | -                                  |
| Reverse Repurchase  | -                              | -                                  |
| <b>TOTAL (All Types)</b>  | <b>\$60,503,468</b>            | <b>100.00%</b>                     |

## INVESTMENTS (CONTINUED)

During the 2005-06 fiscal year, PMIA investment activity involved 8,242 transactions, totaling \$346.8 billion. The table below provides a breakdown of the PMIA portfolio holdings as of June 30, 2006.

| State of California                       |                         |                             |
|---|-------------------------|-----------------------------|
| Pooled Money Investment Account Portfolio |                         |                             |
| (\$ Thousands)                            |                         |                             |
| <u>Security Type</u>                      | <u>Principal Amount</u> | <u>Percent of Portfolio</u> |
| Governments                               |                         |                             |
| Bills                                     | \$1,662,495             | 4.31%                       |
| Bonds                                     | -                       | -                           |
| Notes                                     | 1,596,679               | 2.52%                       |
| Strips                                    | -                       | -                           |
| Total Governments                         | \$3,259,174             | 6.83%                       |
| Federal Agency Coupons                    | \$10,621,036            | 16.77%                      |
| Certificates of Deposit                   | 13,642,402              | 21.54%                      |
| Bank Notes                                | 1,085,000               | 1.71%                       |
| Bankers Acceptances                       | -                       | -                           |
| Repurchases                               | -                       | -                           |
| Federal Agency Discount Notes             | 7,754,098               | 12.24%                      |
| Time Deposits                             | 7,853,495               | 12.40%                      |
| GNMA's                                    | 242                     | -                           |
| Commercial Paper                          | 11,751,578              | 18.55%                      |
| FHLMC                                     | 1,136                   | 0.00%                       |
| Corporate Bonds                           | 960,709                 | 1.52%                       |
| AB 55 Loans                               | 6,409,082               | 8.64%                       |
| General Fund Loans                        | -                       | -                           |
| Reverse Repurchase                        | -                       | -                           |
| <b>TOTAL (All Types)</b>                  | <b>\$63,337,952</b>     | <b>100.00%</b>              |

The Treasurer continues to seek investment opportunities that promote the California economy. For example, by increasing investments with California financial institutions through the Time Deposit Program, the State fosters home and business financing throughout California. Time deposits averaged \$6.46 billion in 2004-05 fiscal year, and \$7.59 billion in 2005-06. This compares with time deposits that averaged \$5.31 billion in fiscal year 2002-03 and \$5.73 billion in 2003-04.

## GENERAL FUND SUPPORTED DEBT OUTSTANDING

As of June 30, 2006, the State had \$43.44 billion in aggregate principal amount of General Fund supported debt outstanding. This consisted of \$36.36 billion in General Obligation bonds and Commercial Paper and \$7.08 billion in Lease Revenue bonds. Details of total June 30, 2005 and June 30, 2006 outstanding General Fund supported debt appear in the table below.

| State of California  |                      |                      |
|--|----------------------|----------------------|
| General Fund Supported Debt Outstanding*                   |                      |                      |
| (\$ Thousands)   |                      |                      |
|  | <u>June 30, 2005</u> | <u>June 30, 2006</u> |
| <b><u>General Obligation (GO) Non-self Liquidating</u></b> |                      |                      |
| Corrections  | \$1,223,540          | \$1,061,960          |
| Higher Education   | 5,005,770            | 4,612,120            |
| Housing  | 20,840               | 34,320               |
| K-12 Education   | 20,036,472           | 22,191,827           |
| Social Services  | 1,894,335            | 1,937,235            |
| State Office Buildings                                     | 74,325               | 76,270               |
| Transportation & Clean Air                                 | 1,838,905            | 1,728,990            |
| Water Quality Improvement & Parks                          | 4,004,220            | 4,716,540            |
| <b>Total GO (Non-self Liquidating)</b>                     | <b>\$34,098,407</b>  | <b>\$36,359,262</b>  |
| <b><u>Lease Debt</u></b>                                   |                      |                      |
| Community Colleges   | \$513,125            | \$554,210            |
| Department of Corrections                                  | 2,381,546            | 2,221,428            |
| Department of Youth Authority                              | 16,305               | 15,610               |
| Energy Efficiency  | 58,490               | 44,595               |
| Regents of the University of California                    | 1,353,267            | 1,793,567            |
| Trustees of the California State University                | 549,785              | 543,715              |
| Various State Office Buildings                             | 1,820,335            | 1,909,545            |
| <b>Total Lease Debt</b>                                    | <b>\$6,692,853</b>   | <b>\$7,082,670</b>   |
| <b>TOTAL GENERAL FUND SUPPORTED DEBT</b>                   | <b>\$40,791,260</b>  | <b>\$43,441,932</b>  |

\* Outstanding amount includes commercial paper outstanding and the initial value of capital appreciation bonds.



## GENERAL FUND SUPPORTED DEBT SOLD

Since June 30, 2004 the State Treasurer has sold approximately \$17.84 billion principal amount of General Fund supported debt. This figure is comprised of General Obligation bonds of the State and Lease Revenue bonds. The total amount of General Fund supported debt sold was \$11.21 billion in fiscal year 2004-05 and \$6.63 billion in fiscal year 2005-06.

| State of California  |                      |                      |
|--|----------------------|----------------------|
| General Fund Supported Debt Sold                           |                      |                      |
| (\$ Thousands)   |                      |                      |
|  | <u>June 30, 2005</u> | <u>June 30, 2006</u> |
| <b><u>General Obligation (GO) Non-self Liquidating</u></b> |                      |                      |
| Corrections  | \$33,955             | \$535                |
| Higher Education   | 695,940              | 615,270              |
| Housing  | 15                   | 14,000               |
| K-12 Education   | 8,295,260            | 3,727,010            |
| Social Services  | 243,355              | 217,260              |
| State Office Buildings                                     | 31,790               | 41,100               |
| Transportation & Clean Air                                 | 136,300              | 119,380              |
| Water Quality Improvement & Parks                          | 863,265              | 782,005              |
| <b>Total GO (Non-self Liquidating)</b>                     | <b>\$10,299,880</b>  | <b>\$5,516,560</b>   |
| <b><u>Lease Debt</u></b>                                   |                      |                      |
| Community Colleges   | \$0                  | \$72,390             |
| Department of Corrections                                  | -                    | 357,040              |
| Department of Youth Authority                              | -                    | -                    |
| Energy Efficiency  | -                    | -                    |
| Regents of the University of California                    | 627,125              | 156,210              |
| Trustees of the California State University                | -                    | 25,560               |
| Various State Office Buildings                             | 280,830              | 501,395              |
| <b>Total Lease Debt</b>                                    | <b>\$907,955</b>     | <b>\$1,112,595</b>   |
| <b>TOTAL GENERAL FUND SUPPORTED DEBT</b>                   | <b>\$11,207,835</b>  | <b>\$6,629,155</b>   |